UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Suedeen G. Kelly, Marc Spitzer,
and Jon Wellinghoff.

Midwest Independent Transmission System Operator, Inc. — Docket No. ER06-1420-000

ORDER CONDITIONALLY ACCEPTING CONTINGENCY RESERVE SHARING GROUP AGREEMENT

(Issued October 24, 2006)

1. On August 25, 2006, the Midwest Independent Transmission System Operator, Inc. (the Midwest ISO), pursuant to section 205 of the Federal Power Act (FPA),[1] and Part 35 of the Commission's regulations,[2] filed a Midwest Contingency Reserve Sharing Agreement (CRSG Agreement), on behalf of the Midwest CRSG Parties.[3] The Midwest

[1] 16 U.S.C. § 824d (2000).

[2] 18 C.F.R. Part 35 (2006).

[3] The Midwest CRSG Parties include: Alliant Energy Corporate Services, Inc. as agent for Interstate Power and Light Company and Wisconsin Power and Light Company; Ameren Services Company as agent for Central Illinois Public Service Company, d/b/a AmerenCIPS, Central Illinios Light Company, d/b/a AmerenCILCO, Illinois Power Company, d/b/a AmerenIP and Union Electric Company, d/b/a AmerenUE; Big Rivers Electric Corporation; City of Columbia, MO Water & Light Department; City of Springfield, IL Office of Public Utilities; Consumers Energy Company; Detroit Edison Company; E.ON U.S. LLC, on behalf of Louisville Gas and Electric Company and Kentucky Utilities Company; FirstEnergy Service Company; Duke Energy Shared Services, Inc. on behalf of Cincinnati Gas & Electric Company (d/b/a Duke Energy Ohio, Inc.), PSI Energy, Inc. (d/b/a Duke Energy Indiana, Inc., and Union Light, Heat and Power Company (d/b/a Duke Energy Kentucky, Inc.); East Kentucky Power Cooperative, Inc.; Hoosier Energy Rural Electric Cooperative, Inc.; Indianapolis Power & Light Company; Madison Gas and Electric Company; MAPPCOR as agent for the members of the MAPP Generation Reserve Sharing Pool; Northern

(contintued…)

ISO requests that the Commission accept this filing and make the CRSG Agreement effective September 1, 2006, and the emergency energy Schedule CR-1 to the CRSG Agreement effective no later than January 1, 2007. This order accepts the CRSG Agreement, subject to the conditions discussed below.[4]

I. Background

2. The Midwest ISO states that the CRSG Agreement complies with the applicable North American Electric Reliability Council (NERC) standards.[5] NERC reliability standard BAL-002-0 requires that each reserve sharing group maintain contingency reserves[6] in an amount adequate to return its system to normal operating conditions following a disturbance. The minimum level of contingency reserves is 100% of the reserve sharing group's largest contingency. According to the Midwest ISO, the CRSG Agreement establishes a more stringent requirement of 150% for contingency reserves.[7]

3. The current regional reliability organizations operating in the region are Reliability*First* Corporation (Reliability First) and the Midwest Reliability Organization, Inc. (Midwest Reliability). Reliability First is composed of the former East Central Area Reliability (ECAR) and Mid-America Interconnected Network (MAIN) reliability councils that were operating in the Midwest. Midwest Reliability was formed from the other former reliability council operating in that area, the Mid-Continent Area Power Pool (MAPP). Prior to the formation of Reliability First and Midwest Reliability, ECAR,

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Indiana Public Service Company; Southern Illinois Power Cooperative; Southern Indiana Gas and Electric Company, Inc., d/b/a Vectren Power Supply, Inc.; Wisconsin Electric Power Company; Wisconsin Public Service Corporation (WPSC) and Upper Peninsula Power Company (UPPCO).

The Midwest ISO states that it is acting as the agent of the Midwest CRSG Parties for purposes of this filing.

[4] The Midwest ISO states that it is filing the associated operating protocols for informational purposes only.

[5] The NERC standards have not yet been approved by the Commission, and are currently under review.

[6] Contingency Reserves are defined as "[t]he provision of capacity deployed by the Balancing Authority to meet the Disturbance Control Standard (DCS) and other NERC and Regional Reliability Organization contingency requirements." *See* NERC website – Glossary of Terms (October 16, 2006), a*vailable at* http://www.nerc.com/sitemap.html.

[7] Transmittal Letter at 2.

MAIN, MAPP formed reserve sharing groups to pool their contingency reserves and assist each other to meet the disturbance control standard. Each group had its own rules and practices.

4. Reliability First decided in mid-2005 not to administer a reserve sharing pool after December 31, 2006. As a result, the former ECAR members were forced to decide whether to form or join another reserve sharing group or to meet their contingency reserve requirement on an individual basis. Former MAIN members were faced with a similar decision when a large member of that group announced it would withdraw from the MAIN reserve sharing group at the end of 2006, when the contract for the administration of the relevant MAIN agreement expires.

5. The Midwest ISO was asked to assess the potential value of a Midwest ISO contingency reserve sharing system and facilitated meetings starting in March 2006, for balancing authorities and load serving entities (LSEs) in the former ECAR, MAIN, MAPP and Southeastern Electric Reliability Council (SERC) regions. Participants developed a new reserve sharing group with a single set of practices and procedures. The terms are embodied in the CRSG Agreement.

A. Proposed CRSG Agreement

1. Membership and Organization

6. The Midwest CRSG Parties consist of both balancing authorities and LSEs. Even though the NERC reliability standards place the obligation to provide contingency reserves only on balancing authorities, LSEs have historically participated and have an interest because the load ultimately bears the cost of holding reserves and pays for required emergency energy. The Midwest ISO states that the CRSG Agreement is designed to accommodate the varied interests of these parties.[8]

7. According to the Midwest ISO, the CRSG Agreement also considers the desires of non-Midwest ISO members of MAPP to retain the existing MAPP Generation Reserve Sharing Pool (GRSP). The CRSG Agreement provides a mechanism for existing reserve sharing groups to join the Midwest CRSG as a collective applicant, subject to individual members of that group affirming their individual financial and operating obligations under the CRSG Agreement. The CRSG Agreement considers the following criteria in

[8] The Midwest ISO attached a list to its transmittal letter at Tab A, of all the members of the Midwest CRSG. This list also specifies the minimum level of contingency reserves that each member was required to carry during 2006, and the minimum level for that member under the CRSG Agreement.

the review of new membership applications: (1) whether their contribution to the benefits of the reserve sharing group would also impose additional costs on the existing members; and (2) whether the new member has sufficient generation and transmission to deliver emergency energy when required to do so during contingency reserve activations.

8. The Midwest ISO also states that the CRSG Agreement establishes that the Contingency Reserves Committee (CRC) will have the authority to make decisions and take action under the CRSG Agreement. The CRSG Agreement sets forth the duties of the CRC, including reviewing membership applications, evaluating parties' performance during an activation, making sure the group policies are consistent with current NERC and regional standards, and establishing technical requirements and operating protocols. The CRSG Agreement provides for the CRC to delegate certain duties to the group administrator (the Midwest ISO), such as the procurement, maintenance and monitoring of hardware and software of the Automatic Reserve Sharing System (ARS system). Further, the CRSG Agreement gives the CRC the ability to adopt administrative charges and penalties. The CRSG Agreement also states that the Midwest CRSG parties must share the costs of the CRSG, and that billing and other disputes will be handled by the dispute resolution provisions set forth in the CRSG Agreement.

2. Compliance with NERC Criteria for Reserve Sharing Groups

9. The Midwest ISO asserts that the CRSG Agreement is compliant with existing NERC and regional requirements by meeting the six NERC criteria for reserve sharing groups.[9] The Midwest ISO states that the proposal comports with the first two criteria of Requirement 2 of BAL-002-0 by specifying the minimum reserve requirement for the group in Attachment 1 to the Operating Protocols; and including an allocation of the group reserve requirement among the members in section 8.1.1.1. Detailed requirements of the NERC criteria are addressed within the operating protocols including the "permissible mix" of spinning and supplemental reserves that may be included in the

[9] The six NERC criteria under Requirement 2 of BAL-002-0 include: (1) a minimum reserve requirement for the group; (2) an allocation of that reserve requirement among members; (3) a permissible mix of operating reserves (spinning and supplemental reserves) that may be included in the contingency reserve; (4) procedures for applying contingency reserves in practice; (5) limitations, if any, on the amount of interruptible load that may be included; and (6) rules to ensure that the same portion of resource capacity shall not be counted more than once as a contingency reserve by multiple balancing authorities. NERC BAL-002-0, *available at* http://www.nerc.com/~filez/standards/Reliability_Standards.html.

group participants' contingency reserves in Operating Protocol 1.6;[10] and procedures for applying contingency reserves in Operating Protocol 2.

10. With regard to Requirement 2.5 of BAL-002-0 for contingency reserve policies, and limitations on the amount of interruptible load, the Midwest CRSG Parties indicate that they have not yet developed criteria, but intend to do so by November 30, 2006.[11] Lastly, the Midwest ISO states the proposal complies with Requirement 2.6 of BAL-002-0 (ensuring that the same portion of resource capacity is counted only once as a contingency reserve) in that the Midwest CRSG parties are required to designate the resources that will function as contingency reserves prior to each operating day in Operating Protocol 1.8. The group administrator[12] can then validate resource capacity is only being counted once.

3. Members' Obligations and Activation of Reserves

11. For the transition from three separate reserve sharing groups into one, the Midwest CRSG Parties have agreed the initial allocation of reserve obligations will be based on a ratio of the reserve obligation outlined in Operating Protocol 1.3 (150% of the largest single contingency or 2,250 MW) to the total contingency reserve required in 2006 among all the parties (3,719 MW), or 0.60. Thus each party's obligation will be 60% of the current allocation in their respective reserve sharing group. After this initial phase, allocations will be based on a load ratio share.

12. Activation of reserves will be based on tiered groups. Parties that were members of the same reserve sharing group prior to the effective date of the CRSG Agreement will be considered "first-tier" and those that were in different groups will be considered "second-tier." For example, a balancing authority in ECAR will be considered first-tier to another balancing authority in ECAR, but second tier to a balancing authority in MAIN.

13. The following scenario explains how the reserves would be activated. First, the balancing authority experiencing a resource loss will attempt to meet the loss by utilizing its own contingency reserves. If the balancing authority's own spinning operating reserves cannot meet the resource loss, the ARS system will first utilize spinning operating reserves within the balancing authority's first-tier group. Next, if the reserves

[10] Operating Protocol 1.6 of the CRSG Agreement establishes a minimum spinning reserve requirement of 40% of contingency reserves.

[11] *See* Midwest ISO Answer at 6.

[12] The Midwest ISO states that the Midwest CRSG Parties have negotiated an agreement with the Midwest ISO to act as the group administrator.

supplied by the first-tier group cannot meet the resource loss, then the ARS system will utilize the spinning operating reserves in the second-tier group. Finally, supplemental reserves – anything beyond spinning operating reserves – of the first-tier group followed by the second are then activated if further response is needed.

14. The Midwest ISO explains that, although detailed transmission studies have yet to be completed, preliminary deliverability studies indicate that less transmission reliability margin (TRM)[13] will be required due to the fact that the reserves requirement is dispersed more geographically than it is the case currently. Articles 2.1.4 and 3.1.2 of the CRSG Agreement ensure that the contingency reserves are deliverable.

4. Rates and Terms

15. Schedule CR-1 is the mechanism that establishes the rates, terms, and conditions for supplying energy under the CRSG Agreement. Specifically, Schedule CR-1 establishes the rates and terms for energy sales between the various combinations of internal entities (members of the Midwest ISO) and external entities (all others). Additionally, Schedule CR-1 addresses issues such as the definition of "verifiable costs," transmission charges, point of deliverability issues, and penalty charges. The charges vary depending on who is supplying and receiving the energy. As an example however, when energy is supplied by an internal entity to another internal entity, a payment of the greatest of: (1) the LMP at the node supplying the energy; (2) $100/MWH or (3) 110% of the verifiable cost of the resource providing the energy is required.

16. Additionally, the Midwest ISO states in its transmittal letter that there is no opportunity for affiliate abuse under the CRSG Agreement because the Midwest CRSG, not individual parties, will determine which parties to call upon to supply emergency energy during a contingency event.[14]

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[13] Transmission Reliability Margin is defined as "[t]he amount of transmission transfer capability necessary to provide reasonable assurance that the interconnected transmission network will be secure. TRM accounts for the inherent uncertainty in system conditions and the need for operating flexibility to ensure reliable system operation as system conditions change." *See* NERC Website – Glossary of Terms (October 16, 2006), a*vailable at* http://www.nerc.com/sitemap.html.

[14] Transmittal Letter at 10 (citing *Boston Edison Co. Re. Edgar Electric Energy Co.*, 55 FERC ¶ 61,382, at 62,167-68 (1991)). The Midwest ISO also states that the rate for any affiliate sales of emergency energy under the Midwest CRSG Agreement is identical to the rate for unaffiliated sales and purchase, and therefore meets the *Edgar* benchmarking requirement.

17. Schedule CR-2 distributes the start-up costs incurred by the Group Administrator (the Midwest ISO) on behalf of the Midwest CRSG on a proportional basis amongst the CRSG Parties.

B. Notices of Filing, Interventions and Protests

18. Notice of the Midwest ISO's filing was published in the *Federal Register*, 71 Fed. Reg. 53,437-38 (2006), with interventions and protests due on or before September 15, 2006. Northern Indiana Public Service Company, Consumers Energy Company, Ameren Services Company, MidAmerican Energy Company, and MAPPCOR filed motions to intervene. Xcel Energy Services (Xcel), Duke Energy Shared Services, Inc. (Duke Energy), Midwest Stand-Alone Transmission Companies (MSATs), Alliant Energy Corporate Services, Inc., and the WPS Companies[15] filed motions to intervene and comments. Coalition of Midwest Transmission Customers (Coalition of Customers) filed a protest. Xcel and the Midwest ISO filed answers to the protest.

II. Discussion

A. Procedural Matters

19. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,[16] the timely unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

20. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure[17] prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept Xcel and the Midwest ISO's answers because they have provided information that assisted us in our decision-making process.

B. Comments and Protest

21. Xcel comments that the Midwest CRSG Parties and the Midwest ISO have become aware of two implementation issues regarding billing and settlements that need

[15] The WPS Companies consist of Wisconsin Public Service Company, Upper Peninsula Power Company, WPS Energy Services, Inc., WPS Power Development, LLC.

[16] 18 C.F.R. § 385.214 (2006).

[17] 18 C.F.R. § 385.213(a)(2) (2006).

to be resolved.[18] Regarding billing, section 12.3.1 of the CRSG Agreement currently provides the Midwest ISO thirty days to issue bills after an event requiring reserve sharing. However, Xcel points out that this time frame could put the Midwest ISO in technical breach of the CRSG Agreement because the thirty days would have passed for billing of reserve sharing that occurred in the first half of the prior month. To resolve this issue, Xcel proposes the CRSG Agreement be revised to provide for a single monthly settlement statement to be issued fifteen days after the end of the prior month. Regarding settlement, Xcel comments that section 12.3.2 of the CRSG Agreement also provides thirty days from receipt of the bill to pay it. However, Xcel states the parties have reached a consensus that settlement payment should be five days after issuance of the bill, to be more consistent with the settlement time frame used for transactions in the Day 2 energy market under the TEMT. Xcel proposes that rather than have the parties submit an amendment to the CRSG Agreement, the Midwest ISO should submit revisions to the CRSG Agreement as a compliance filing to the Commission order accepting the CRSG Agreement.

22. Duke Energy comments that it supports the CRSG Agreement as compliant with NERC standards and providing economic benefits to the parties, as well as the Midwest ISO region. However, Duke Energy also points the Commission's attention to provisions in Schedule CR-1 of the CRSG Agreement, which is the mechanism that establishes rates and terms for supplying energy under the CRSG Agreement. Duke Energy indicates that two provisions in this Schedule mention "the resource(s) used to provide such service,"[19] and would like to ensure there will be no confusion as to what this phrase means, and that all parties use it uniformly. Duke Energy states that the parties are currently revising these sections and Duke Energy hopes this point will be resolved during that process.

23. The MSATs comment that they generally view the formation of a reserve sharing group among the parties as a positive development towards facilitating better use of reserves. The MSATs also see this CRSG Agreement as an indicator of the value of

[18] WPS Companies also comments about the same billing and settlement issues as Xcel, noting that those issues exist, and may require subsequent amendment of the CRSG Agreement. However, the WPS Companies state that resolution of these issues should not delay acceptance of the CRSG Agreement.

[19] This phrase is found in section 2.1 and section 2.2 regarding External and Internal Entities, respectively. Section 2.1 states: "External Entities shall be paid the greater of: (i) $100 per megawatt-hour; or (ii) 100% of the verifiable cost of the resource(s) used to provide such service." Section 2.2 states: "Internal entities shall be paid the greatest of: (i) the hourly LMP at the Commercial Node used to provide such service per megawatt-hour; or (ii) $100 per megawatt-hour; or (iii) 110% of the verifiable cost of the resource(s) used to provide such service." Duke Energy Comment at 3-4.

transmission infrastructure in the Midwest ISO region. The MSATs appreciate that attention is being given in the CRSG Agreement to deliverability and hopes that, as appropriate in the future, further enhancements will be pursued to better account for deliverability in the Midwest ISO's transmission planning process.

24. Coalition of Customers states that it generally supports most of the CRSG Agreement, but protests that the CRSG Agreement needs to be modified to remove provisions that unreasonably discriminate against the use of demand resources (interruptible loads) to provide contingency reserves. Coalition of Customers is concerned that the current provisions in the CRSG Agreement may foreclose demand resources from providing contingency reserves, and points out that the CRC has not established what criteria must be met to qualify interruptible loads as contingency reserves. Also, Coalition of Customers states that the CRC has not stated when such criteria will be established, and notes the operation date is January 1, 2007. Coalition of Customers is also concerned about the voting structure of the CRC, which requires a two-thirds majority approval on each ballot. According to Coalition of Customers, this provision could allow a handful of larger generation-owning utilities to bar demand resources from providing contingency reserves. To resolve these issues, Coalition of Customers requests that the Commission either require the CRSG Agreement be modified to specifically identify criteria that demand resources must satisfy to qualify as contingency reserves, or direct that the CRSG Agreement be modified to remove the CRC's discretionary authority over the use of demand resources for contingency reserves.

25. Alliant Energy Corporate Services, Inc. commented that it supports the CRSG Agreement.

C. Answer

26. In its reply to Coalition of Customers' protest, the Midwest ISO states that Coalition of Customers' concerns are beyond the Commission's authority and are premature.

27. The Midwest ISO argues that the Commission has no jurisdiction to review the demand response criteria to determine whether they are "just and reasonable." NERC Standard BAL-002-0 Requirement 2.5 states that the contingency reserve sharing group shall specify "limitations, if any, upon the amount of interruptible load that may be included." The Midwest ISO argues the requirement clearly allows interruptible load to be used to meet contingency reserve requirements. However, there is no NERC standard that allows interruptible load to be used without any qualification or limitation. The protocols included in the Agreement allow for the CRC to determine the qualifications for interruptible load and the absence of such criteria from the Agreement does not render the Agreement unjust or unreasonable.

28. Though the Coalition of Customers filing does not identify its members, the filing states that they purchase either "delivery service or bundled electric service" from at least one of the CRSG parties. Thus, the Midwest ISO posits that some members of Coalition of Customers are served under tariffs that fall under the jurisdiction of state utility commissions. Since these retail tariffs and contracts differ across companies and are subject to review and modification by the state commissions, states the Midwest ISO, it is not clear whether the interruptible loads in question would uniformly qualify as a contingency reserve. The CRC would be able to consider these factors in developing the criteria for the use of interruptible load as a contingency resource.

29. However, the Midwest ISO states that it does not mean to reject interruptible load as a useful contingency reserve resource. Rather, objections the Midwest ISO raises are meant to illustrate the detail required to specify the use of an interruptible load and to explain why these specifications were not included prior to the filing. The CRC constructed a traditional reserve sharing with a commitment to include the use of interruptible loads as a contingency reserve resource. The Midwest ISO contends the details properly belong to the CRC. And the minimum operational qualification criteria for interruptible loads as contingency reserve resources are to be developed by November 30, 2006. The CRC will post these criteria on a public website, which it is in the process of establishing.

30. In its answer, Xcel affirms its support of the CRSG Agreement and the Midwest ISO's answer to the Coalition of Customers' protest. Additionally, Xcel states that despite the Coalition of Customers' assertion to the contrary, the large generation owning utilities have no motive to block the use of interruptible load as a resource since they also have large quantities of such capacity. To wit, the NSP companies (represented by Xcel), have approximately 900 MW of interruptible loads out of the 9,000 MW of peak load that it serves.

D. Commission Determination

31. The Commission conditionally accepts for filing the CRSG Agreement submitted by the Midwest ISO, as an agent for the signatory parties, with an effective date of September 1, 2006, subject to the informational filing of the criteria governing the use of demand response by November 30, 2006, and the final transmission and deliverability studies no later than December 29, 2006. The Midwest ISO is also directed to file tariff revisions to address billing and settlement within thirty days of the date of this order. Emergency Energy Schedule CR-1 will be effective January 1, 2007, corresponding to the commencement of operation of the Midwest CRSG.

1. Inclusion of Demand Resources as Contingency Reserves

32. Regarding concerns raised by the Coalition of Customers, we find that the plan to develop and make public the criteria governing the use of demand resources by November 30, 2006, as stated in the Midwest ISO's answer, should addresses the issue of defining the criteria for demand resources before the CRSG Agreement takes effect.[20] To effectuate the development and public posting of these criteria, the Midwest ISO should submit an informational filing of the criteria in this proceeding. Given the estimated date of completion cited by the Midwest ISO, we believe that this informational filing can also be made by November 30, 2006.

2. Rates, Terms and Conditions

33. Duke Energy raised a concern regarding the use of the phrase "the resource(s) used to provide such service" in Schedule CR-1. We find that the language is sufficiently clear because the resources in question are understood to be Network Resources (a term defined in section 1.37 of the CRSG Agreement) and thus need not be revised. We remind the parties that, should a conflict arise, there is a dispute resolution mechanism included in the CRSG Agreement.

34. In its filing, the Midwest ISO requests that the Commission find that the rates and terms found in Schedule CR-1 satisfy the *Edgar* standard.[21] In *Edgar*, the Commission was concerned that the buyer in an affiliate transaction "potentially may have unduly favored rates offered by its affiliate seller over lower rates offered by other non-affiliate sellers."[22] The Commission stated that it must ensure that the buyer has chosen the lowest cost supplier from among the options presented. The Commission allows parties to demonstrate that there is no affiliate preference through: (a) head-to-head competition; (b) comparable prices which non-affiliated buyers were willing to pay for similar services; or (c) benchmark evidence showing the prices, terms, and conditions of sales made by non-affiliated sellers.

35. In this proceeding, the Commission finds that Schedule CR-1 of the CRSG Agreement establishes prices for emergency energy sales that will be consistently applied across the reserve sharing group without regard to whether the supplying CRSG member

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[20] If the Midwest ISO does not fulfill its commitment, we may reexamine the CRSG Agreement.

[21] *See Boston Edison Co. Re. Edgar Electric Energy Co.*, 55 FERC ¶ 61,382, at 62,167-68 (1991).

[22] *Id.*

is an affiliate of the receiving CRSG member. Thus, the pricing and terms articulated in Schedule CR-1 satisfy the requirements found in *Edgar*.

3. Billing and Settlement

36. In its protest, Xcel identifies two potential issues regarding billing and settlement – when the Midwest ISO will issue bills for contingency events and how long the parties will have to settle their bills. Additionally, Xcel indicates that the Midwest ISO and the parties have negotiated an acceptable arrangement that would have the Midwest ISO issue a single bill for all operating reserve deployment events in a month (rather than potentially multiple bills) by the 15th day of the following month, and payments would be due five days after their receipt rather than thirty days as provided in the CRSG Agreement. The Commission directs the Midwest ISO to file the revisions to the appropriate provisions of the CRSG Agreement within thirty days of the date of this order.

4. Reliability

37. The Midwest ISO should file as informational filings the transmission and deliverability studies[23] the Midwest ISO carries out as outlined in their transmittal letter and under Article 3.3.13 of the CRSG Agreement.

38. With respect to the amount of contingency reserves the CRSG will carry as required under Article 3.1.2, once the applicable NERC reliability standards are approved by the Commission,[24] parties may then make appropriate filings if they believe that that amount would be inadequate.

The Commission orders:

(A) The Midwest ISO's CRSG Agreement is hereby accepted for filing, conditioned upon the Midwest ISO making the informational filings of its criteria for demand resources, and its transmission and deliverability studies, as discussed in the body of this order. Additionally, the Midwest ISO is directed to file tariff revisions to address billing and settlement issues within thirty days of the date of this order.

[23] Studies must show that the CRSG meets all the NERC Transmission Operations series of reliability standards.

[24] The amount, type and configuration of contingency reserves carried by the CRSG must meet the NERC Demand and Resource Balancing series of reliability standards.

(B) The CRSG Agreement is to be effective September 1, 2006 and the Emergency Energy Schedule CR-1 is to be effective January 1, 2007, as requested.

By the Commission. Commissioner Moeller not participating.

(S E A L)

Magalie R. Salas,
Secretary.